

COMMISSIONER LEA MÁRQUEZ PETERSON'S PROPOSED AMENDMENT NO. 2

TIME/DATE PREPARED: September 22, 2020COMPANY: Arizona Public Service Co. (2020 REST Plan)AGENDA ITEM NO.: 44DOCKET NO.: E-01345A-19-0148OPEN MEETING DATE: September 22, 2020

Purpose: This Amendment approves the residential energy storage pilot program APS filed on August 26, 2020,¹ in response to Chairman Burns' letters dated January 9² and 22,³ 2020. According to APS's filing, the pilot was "developed in collaboration with the storage industry and local stakeholders," "designed to meet the Arizona Corporation Commission's objectives to encourage battery storage adoption," and "will be an important and prudent step on the path to meeting clean energy goals for Arizona." In his letter, Chairman Burns stated the following:

[I]t is my belief that storage that is disbursed throughout a utility's distribution system would be beneficial to that utility and just as importantly, beneficial to the customers served by that utility. Energy storage disbursed throughout a utility's system will make that system more reliable and resilient.

Because APS's supplemental filing was filed after Staff issued its proposed order, the proposed residential pilot program was inadvertently excluded from the proposed order. This Amendment provides a reasonable opportunity to approve the pending pilot program, now, rather than waiting until the 2021 REST Implementation Plan. The Amendment also make several modifications to the pilot,⁴ which accomplish the following:

- Increase the incentive from \$300/kW to \$500/kW so Arizonans can benefit more;
- Respectfully disqualify households that have already installed at-home batteries; and
- Emphasize that grandfathered net metering rooftop solar customers will remain grandfathered if they install new energy storage devices under the program.

The Amendment also approves APS's request to move the program under the company's Demand-Side Management umbrella, starting in the 2021 DSM year, authorizing the company to include the program as a new program or measure in its future 2021 DSM Plan filing. The Amendment also adopts the "Bring Your Own Device" tariff proposed in "Commissioner Lea Márquez Peterson's Proposed Amendment No. 4" in the Energy Rules Docket (RU-0000A-18-0284), which requires APS to develop and file for Commission review and proposal a new distributed storage aggregator tariff within 60 days of the effective date of this Decision.

¹ <https://docket.images.azcc.gov/E000008576.pdf>.

² <https://docket.images.azcc.gov/E000004393.pdf>.

³ <https://docket.images.azcc.gov/E000004525.pdf>.

⁴ <https://docket.images.azcc.gov/E000009116.pdf>.

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Under FINDINGS OF FACT

INSERT new Findings of Fact:

19. On August 26, 2020, APS filed a Supplement to its Plan proposing the APS Residential Energy Storage Pilot (the “Pilot”). The Pilot supports the adoption of customer-sited, behind-the-meter distributed energy storage systems that can provide a wide variety of benefits to the grid. The Pilot is reasonable and in the public interest, however, in order to allow more customers to benefit, it should be modified to set the one-time incentive payment at \$500/kW and exclude payments to customers that have already installed batteries. Additionally, customers that are adding batteries to existing solar systems, and who are grandfathered net metering customers, shall be entitled to retain their grandfathered status, RCP, and rate plan.

20. While the Pilot provides direct incentives to customers for installing batteries, a tariff that compensates customers for the specific benefit their systems bring to the grid can also be beneficial and in the public interest. Permitting the aggregation of distributed storage systems and providing compensation for the value each system provides, including, but not limited to, compensation for capacity, demand reduction, load shifting, locational value, voltage support, ancillary and grid services, and any other operating characteristic the Commission may deem appropriate is a forward-looking policy that can benefit all APS ratepayers.

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Under ORDER

INSERT new Ordering Paragraphs:

IT IS FURTHER ORDERED the Residential Energy Storage Pilot proposed in Arizona Public Service Company’s August 26, 2020, supplemental filing is hereby approved with the following modifications:

- A. The one-time incentive payment shall be \$500/kW until further order of the Commission;
- B. The payment shall be available for all new behind-the-meter energy storage systems;
- C. Grandfathered net metering customers that add batteries to existing solar systems shall be entitled to retain their grandfathered net metering status, RCP, and rate plan; and

IT IS FURTHER ORDERED that Arizona Public Service Company shall propose the approved Residential Energy Storage Pilot in its 2021 DSM Plan, and the total size of the budget shall be addressed in Arizona Public Service Company’s 2021 DSM Plan.

IT IS FURTHER ORDERED within 60 days of the effective date of this Decision, Arizona Public Service Company shall file for Commission review and approval, a tariff permitting the aggregation of distributed energy storage systems that provides compensation for the value each system provides, including, but not limited to, compensation for capacity, demand reduction, load shifting, locational value, voltage support, ancillary and grid services, and any other operating characteristic the Commission may deem appropriate.

**** Make all conforming changes**

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed	_____ Not Offered	_____ Withdrawn